

Internal Revenue Service

Department of the Treasury

District
Director

Date: DEC 12 1985

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Gentlemen:

We have considered your application for tax exemption status under section 501(c)(3) of the Internal Revenue Code.

The evidence presented disclosed that you were organized on [REDACTED] pursuant to the provisions of Chapter [REDACTED] of the [REDACTED] Revised Statutes Annotated as amended.

The purposes for which the corporation is formed are as follows:

A. To win souls for Jesus Christ and to inspire people to sing for the Lord with enthusiasm and enjoyment.

B. To acquaint people with music that ministers and to teach music fundamentals, preach Scriptural approach to the philosophy of music, and to reach and evangelize through concerts.

To assist local churches and pastors in their ministries and to help young people preach and sing in Christian schools, challenging young lives.

The evidence disclosed that the performers who present the concerts are [REDACTED] the president of the organization; [REDACTED] his wife; and [REDACTED] his children. Occasionally an unpaid volunteer offers her services.

The application disclosed that in [REDACTED] the organization had an income of \$[REDACTED] of this sum, \$[REDACTED] or [REDACTED]% was deposited in [REDACTED]'s bank account. The application states that, "Due to the fact that the organization is in its beginning stages, nearly all available funds are transferred to [REDACTED]'s personal account. He supports himself with other work which makes up the difference in his income."

In a letter dated [REDACTED] [REDACTED] states, "Since [REDACTED] does not have the necessary funds to sustain our family or any other personnel, the funds that do come in are most often transferred to the our salary account. According to our submitted budget, we have allocated an amount for salary and other items. There is not enough money available for even the salary which then requires me to seek employment from other sources."

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable, scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual, etc..

Section 1.501(c)(3)-1(d)(1)(ii) of the Regulations states that an organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. Thus, to meet the requirement of this subdivision, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

On the basis of the information submitted we hold ~~that~~ your organization is operating for the benefit of "designated individuals," [REDACTED], and his family, which is prohibited by the Income Tax

Regulations. Consequently, you do not qualify for exemption under section 501(c)(3) of the Internal Revenue Code.

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

Contributions made to you are not deductible by the donors as charitable contributions as defined in section 170(c) of the Code.

If you do not agree with this determination you may protest in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time this determination will be considered final and the appropriate State Officials will be notified.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies.

Section 7428(b)(2) of the Internal Revenue Code provides in part that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,

[REDACTED]
District Director